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NOCONTRACT

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WESTERN EUROPE - CANADA - INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Portuguese Workers Protest Communist-Dominated Press

Dissident employees of a Communist-influenced Lisbon newspaper occupied the paper's editorial offices yesterday and demanded the removal of the leftwing management.

Over a hundred demonstrators gathered outside the O Seculo building to support the anti-Communist workers and public security police were placed on alert at the scene. The anti-Communist employees won a vote earlier this week by a 4 to 1 margin to dismiss the pro-Communist management committee. The workers apparently decided negotiations with the committee were not progressing to their satisfaction and opted for stronger action.

The Azevedo government is unlikely to move against the anti-Communist workers since their action falls in line with recent efforts by Information Minister Almeida Santos to loosen the Communist grip on the press. The government might even use the incident as an excuse to revamp the management of other left-leaning newspapers, including the formerly Socialist-run Republica which was taken over by leftist workers last summer.

The government is particularly anxious to bring the leftwing press under control since it is largely responsible for stirring up political tensions in Lisbon and spreading reports of alleged plots to return the country to rightwing rule. Yesterday, for instance, leftwing newspapers gave wide play to a communique from an unknown radical military group, the Air Force Revolutionary Vigilance Committee, that accused air force leaders of planning a rightwing coup.

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The statement cited the transferral of aircraft and weaponry, the intensification of training for air force personnel, and the persecution of "progressive" soldiers as proof of air force plotting. These charges, which were denied by air force chief Morais da Silva, are probably related to the fact that the air force has moved planes and other equipment from the Lisbon area to guard against sabotage in the event of a leftist move to take over the capital. While the chances for such a takeover seem less than just a few weeks ago, the air force high command reportedly still expects a leftist attempt to eliminate the relatively conservative air force and feels it prudent to relocate some of its resources.

6 | The leftist military groups that have recently plagued the government appear to be losing momentum however, and recent efforts to keep pro-government military regional authorities under pressure have been somewhat less than successful. A rally last night in Porto to support radical soldiers who occupied a heavy artillery regiment barracks three weeks ago attracted less than 1,000 participants--no more than 100 of whom were uniformed soldiers.

2, 1, 3 | Another demonstration last night sponsored by the radical "Soldiers United Will Win" in the central military region may have been better attended, but it was still unimpressive according to US embassy reports from Lisbon. The limited turnouts may be explained in large part by the Communist Party's sudden reticence in lending official backing to the rallies.

1, 4, 1 | In contrast to the waning leftist fortunes, anti-Communists in the military appear to be organizing themselves more effectively. Besides the air force preparations, officers sympathetic to the anti-Communist faction of Foreign Minister Antunes have formed a "Single Military Front" to combat radical attempts to bring down the Azevedo government.

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The group, which is said to include members of the Revolutionary Council and the cabinet, reportedly believes the Communists are fomenting recent public disorders in an effort to gain enough power by November 11 to turn Angola over to the Soviet-backed Popular Movement for the Liberation of Angola. [REDACTED]

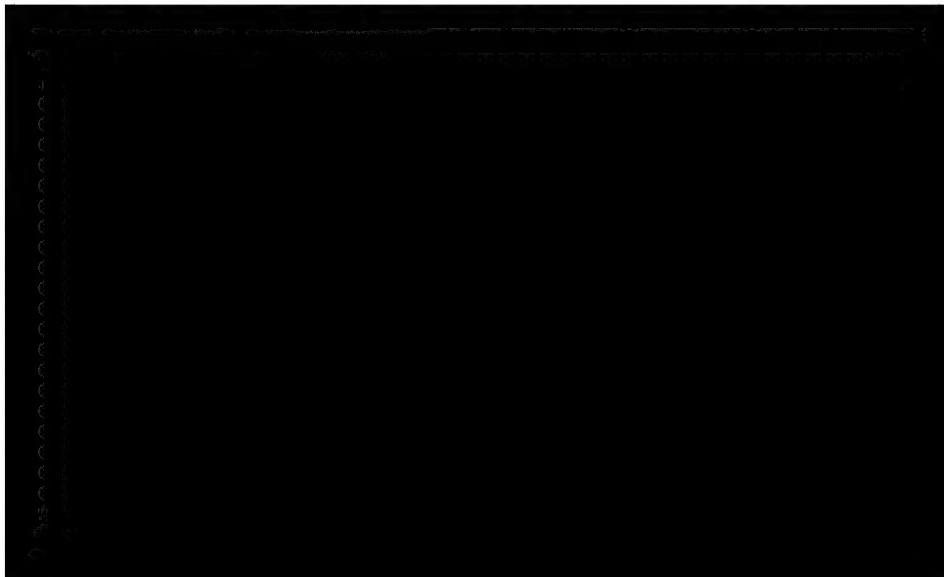
[REDACTED] indicates the group already has a functioning intelligence unit. (SECRET NOFORN/NOCONTRACT)

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Finnish President Names Government Formateur

3 | Finnish President Kekkonen has taken the first serious step toward trying to form a government following the inconclusive outcome of national elections almost six weeks ago.

1,2,3 | On October 29 the President asked former provincial governor and Center Party member Martti Miettunen to form a majority government. As formateur, Miettunen will probably first sound out the Social Democrats, Communists, and Centrists. Together, the three parties would control 133 of the 200 parliamentary seats. In an earlier round of government formation talks, the Communists and the Social Democrats insisted on a "popular front" government which would include both of them and the Center Party.

1,2,3 | Prospects for forming such a government are not bright at this time. The Social Democrats, who would be the major force in the coalition, were severely criticized for their performance in the last government and subsequently suffered an election setback. They probably would welcome a breather to reorganize themselves and might be reluctant to join a government so soon.

1,3 | The Communists and the Social Democrats will probably want to wait until after the crucial metal-workers election next month. If the Communists win, they may decide that they can be more influential outside the government. In addition, the Communists are deeply divided and the Stalinist minority has so far vetoed the idea of government participation. (CONFIDENTIAL)

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EC's Gundelach Replaces Soames

EC Commissioner Finn Gundelach, a Danish economist, will replace Sir Christopher Soames as Commissioner for external relations for at least the next two months. Illness is forcing Soames to take a leave of absence for that period.

Gundelach will head the EC delegation at the semi-annual EC-US consultations on November 18-19. Topics for discussion there include the general economic situation, relations between developed and developing countries, trade issues, and political relations with third countries. Prior to his illness, Soames had expressed particular interest in discussing Spain and Portugal.

Gundelach is the most knowledgeable of the commissioners in the trade area and has been working closely with Soames in efforts to liberalize trade policy. Gundelach was director of the trade policy division of the General Agreement on Tariffs and Trade in Geneva from 1959 to 1962 and was Deputy Director General there during the Kennedy Round from 1962 to 1967.

He is a socialist and is less polished by far than Soames. Gundelach prefers pragmatic discussion of present problems to talk of longer range EC goals; the latter rouses strong political opposition in Denmark. (CONFIDENTIAL NOFORN)

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West German Opposition Leader Rejects New Agreements

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Helmut Kohl, chairman and chancellor-candidate of West Germany's Christian Democratic Union, is urging the parliamentary opposition to reject three recently signed agreements with Poland that provide West German economic aid in return for the repatriation of ethnic Germans.

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The opposition has a one-vote majority in the upper house of parliament that must approve one of the agreements.

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Kohl is taking a political risk, for the Christian Democrats are not united on the issue of the Polish accords. Several prominent party members have publicly stated that they favor the agreements for humanitarian reasons.

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Kohl is, of course, placing those party members who favor the agreements in a predicament. Either they change their publicly-stated views, or they defy the man who will carry the party's banner in next fall's national election. The former could involve a messy, embarrassing intra-party squabble, while the latter would simply demonstrate again the party's divisiveness and weak leadership. Neither is an attractive prospect with the election coming up.

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One major reason for Kohl's negative stance may be his belief that he must accommodate the views of Franz-Josef Strauss, the arch-conservative leader of the Christian Democrats' sister party in Bavaria. Strauss adamantly opposes the agreements. Relations

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between the Christian Democrats and Strauss' Christian Social Union have worsened in the past few weeks, and Kohl seems to be moving to the right in an effort to prevent a total rupture.

Kohl must have the support of Strauss if he is to have a chance of winning the chancellorship. Like other recent Christian Democratic chancellor candidates, he must keep Strauss reasonably happy but not alienate those Christian Democrats who do not wish Strauss to make Christian Democratic policies. Doing that has proved very difficult.

The opposition cannot control the outcome of the vote in the Bundestag where the governing coalition has a solid majority. In the upper house--the Bundesrat--the opposition theoretically could block one of the agreements in which Bonn pledges to contribute some \$500 million to a Polish pension fund.

The agreements with Warsaw are tentatively scheduled to be discussed for the first time in the Bundesrat in early November and in the Bundestag later in the month. The agreements then go to committee where they will be debated in closed sessions through February. The Bundestag should approve them in March. In the case of the pension agreement, the Bundesrat should vote on it in April.

Given this lengthy legislative process, there will be plenty of opportunity for compromises, trade-offs and deals.

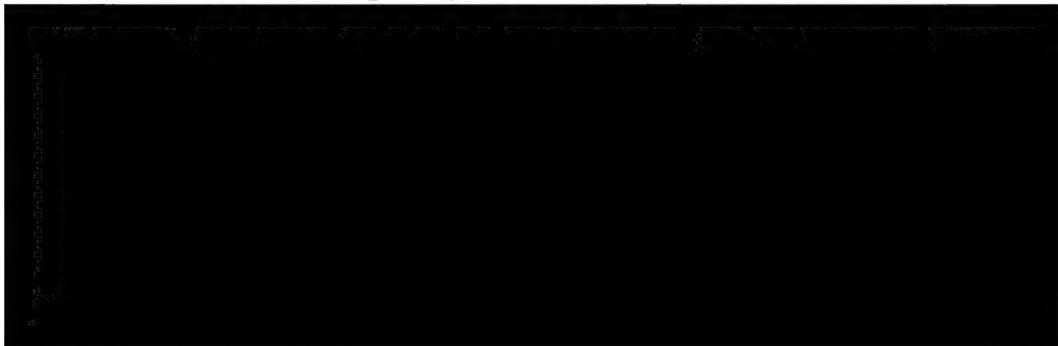
The US embassy reports that there are already signs that the Bundesrat delegation from the Saarland might vote for the agreements. There are also rumors that one other CDU-controlled delegation might break ranks and support the government.

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3 | Kohl's recommendation on the Polish accord,
therefore, could eventually haunt him. He may well
be embarrassed and his chances of winning the
chancellorship may diminish. (CONFIDENTIAL)

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Moscow-Backed Greek Communist Party Experiencing
Problems

The Moscow-backed Greek Communist Party of the Exterior, one of Greece's three major communist parties, recently held an organizational conference that revealed some of the internal and external difficulties the party has been experiencing since the legalization of communist parties by the Caramanlis government last year. Such conferences are almost always used by communist leaders to accentuate the negative aspects of party work, but the conclusions reached nevertheless seem to reinforce the view that the "exterior" party is the most bureaucratic and least dynamic component of Greek communism.

The conference noted the serious shortage of leadership cadres, particularly in the agricultural and women's sections, and in youth work. The reason, according to the conferees, is that veteran party cadres, anxious to safeguard their own positions, are holding back the advancement of younger, lower echelon members and denying to new recruits responsibilities commensurate with their abilities. This, of course, has caused internal friction. Moreover, party cells, which are supposed to bear the brunt of penetration and recruitment are ineffective because many cell chiefs are not aggressive leaders. Finally, there has been an improper distribution of party work and a lack of supervision to assure that decisions are implemented.

The party's financial difficulties were also emphasized, but this may have been designed to spur those present to increase their fund-raising efforts.

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Other reporting notes the party is well financed by Moscow and is in a far better financial position than its two principal communist rivals.

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On the question of external party activity, it was pointed out that discreet pressure by the security police has limited party recruitment efforts and organizational development. Other reports suggest the party is satisfied with its progress in the labor movement to date, but that it is concerned about the poor response to its efforts among young people who view the party as too bourgeois or too much the mouthpiece of the Soviet Union. The party's attempts to penetrate the armed forces, moreover, have been remarkably unsuccessful. As of mid-September, the party had failed to recruit any military officers on active duty and had succeeded in persuading only a handful of draftees and reservists currently on active duty to join the party. (SECRET NOFORN)

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